

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 169 – SB 186

March 23, 2015

SUMMARY OF ORIGINAL BILL: Authorizes the City of Fayetteville to levy a hotel occupancy tax, not to exceed five percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of the municipal legislative body.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – \$130,000/Permissive

SUMMARY OF AMENDMENT (004764): Prohibits the proposed tax from exceeding 3.5 percent, rather than 5.0 percent, of the consideration charged by the operator.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue – \$84,000/Permissive

Assumptions for the bill as amended:

- The Department of Health reports there are four hotels in Lincoln County, with a total of 198 rooms. All of those hotels are located within the city limits of Fayetteville.
- Lincoln County currently imposes a five percent hotel occupancy tax.
- Lincoln County's Finance Department reports that hotel occupancy tax collections were \$72,446 in FY12-13 and \$128,519 in FY13-14, with the approved budget of \$120,000, net of county clerk fees, for FY14-15. Actual FY14-15 tax collections are expected to meet or exceed FY13-14 collections.
- The City of Fayetteville elects to impose a 3.5 percent tax upon passage of this bill.
- The permissive recurring increase in local government revenue is estimated to be approximately \$84,000 $[(\$120,000 / 5.0\%) \times 3.5\%]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

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